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SUBJECT: TRANSPARENCY INTERNATIONAL RATES HONDURAS AMONG
THE MOST CORRUPT IN THE REGION

REF: TEGUCIGALPA 01927

1. (U) SUMMARY: On August 29, Transparency International released its 2002 Corruption Perceptions Index ranking Honduras 71 of 102 countries analyzed. Honduras scored 2.7 on a scale of 1 to 10 (with 10 being a perfect score) - the same score it received in 2001. The CPI highlighted the fact that Honduras is the third most corrupt country in Central America, trailing Nicaragua and Guatemala. END SUMMARY.

THE INDEX

2. (U) Transparency International (TI) is the world's leading non-governmental organization dedicated to fighting corruption. It is an international organization based in Germany, which has more than 80 independent national chapters around the world. First initiated in 1995, the 2002 CPI draws on 14 different surveys that derive information from both residents and expatriates - including business people, academia and risk analysts. The CPI does not measure the prevalence of actual corruption, but rather measures the degree to which corruption is perceived to exist among public officials and politicians. The index provides a snapshot of the views decision-makers who make key decisions on investment and trade. The purpose of the CPI is to build public awareness about corruption and to increase pressure on governments to directly address the issue.

3. (U) TI defines corruption as the abuse of public office for private gain. TI considers a variety of factors, including the tendency of a country to receive international bribes, the illicit enrichment of public officials, national codes of conduct, the capability to identify cronyism, transparency in the government acquisition system and public access to information.

HONDURAS RECEIVES BAD MARK

4. (U) On August 29, TI released its 2002 CPI that ranked Honduras number 71 out of a total of 102 countries analyzed. Honduras received a score of 2.7 on a scale of 1 to 10 - 10 indicating the lowest level of corruption, or a "perfect" score. This is the same score Honduras received in the 2001 CPI. According to the CPI Honduras is the third most corrupt country in Central America, trailing only Nicaragua and Guatemala (both with a score of 2.5). Costa Rica led the Central American countries with a score of 4.5, while Chile received the highest mark in all of Latin America with a score of 7.5.

5. (U) German Espinal, coordinator of the technical agency for the Honduran National Anticorruption Commission, said that Honduras's ranking in the CPI reflects deterioration of the country's democratic credibility, and signals the challenge the government faces in trying to gain public confidence.

BUT IT COULD HAVE BEEN WORSE

6. (U) President of TI Peter Eigen underscored the fact that there have been a number of setbacks "to the credibility of democratic rule" in Latin America in the past year. Argentina joined Honduras, Panama, Guatemala, Nicaragua, Venezuela, Bolivia, Ecuador, Haiti and Paraguay with a score of 3 or less in the CPI 2002. Peru, Colombia, Mexico, El Salvador, Panama, Argentina, Guatemala, Venezuela and Ecuador all received lower scores in 2002 than in 2001. With scores plunging in many Latin American countries, some observers opine that Honduras's score is not so bad.

COMMENT

7. (SBU) Reftel outlines recent anticorruption efforts in

Honduras and provides a summary of the strides that have been made. There is no question that corruption is still pervasive in Honduras, but there has been some measurable progress. However, the positive developments that have occurred have not been enough to adequately address the problem, and as reflected in the CPI, the public confidence of Hondurans has not improved.

PIERCE